

Online Gambling Leads to Crime and Hurts Young, So Why Encourage It? Asks Spencer Bachus

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Computer betting lures the young and leads to crime. Government should not send the wrong message.

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In the history of our country, the federal government has never authorized or sanctioned gambling of any kind. Now, offshore casino interests are leading an unprecedented effort to legalize Internet gambling.

Internet gambling's characteristics are unique: Online players can gamble 24 hours a day, seven days a week from home; children may play without sufficient age verification; and betting with a credit card can undercut a player's perception of the value of cash, leading to addiction, bankruptcy, and crime. Young people are particularly at risk because a computer in the bedroom or dorm room of a young person is a temptation that many may fall prey to.

For more than a decade, Congress has sought to deter, not promote, Internet gambling. It has always been illegal, but until recently no one could enforce the law because the casinos were offshore, far away from the jurisdiction of law enforcement.

The bipartisan passage of the Unlawful Internet Gambling Enforcement Act in 2006 has helped end this shell game. The federal government was given new tools to enforce old rules prohibiting online gambling contained in statutes like the Wire Act of 1961. The 2006 law was designed to make it impossible to use a bank instrument like a credit card or money transfer or check to settle an illegal online wager.

Even though opponents have delayed and tried to block implementation, UIGEA is already working. According to an Annenberg Public Policy Center survey, after enactment of the law, weekly use of the Internet for gambling among college-age youth fell from 5.8 percent to 1.5 percent from 2006 to 2007. A November 2008 follow-up by the center stated, "The strong drop in weekly use of Internet sites following [its] passage appears to remain in place."

Unfortunately, this came too late for Greg Hogan's family in Hudson, Ohio. He described to our Financial Services Committee how his son, the president of his class at Lehigh University, became a gambling addict. Realizing the problem, Hogan installed protective software on his son's computer to prevent him from gambling online. But offshore casinos can find ways to bypass these filters, and the young man accumulated such massive gambling debts that he robbed a bank to try to pay them off. He was sent to prison.

Concerned about the integrity of their games, professional and college sports organizations urged passage of the antigambling law. Major League Baseball, the NFL, the NBA, the NHL, and the NCAA have sent numerous letters to Congress supporting the law, most recently on May 14, 2009. University presidents have shared concerns about the integrity of the athletic competitions on their fields and about students betting in their dorm rooms.

Our country has a long tradition of allowing the states to regulate gambling and not permitting the federal government to override decisions made by the states and their citizens. In this particular case, the federal government would be overturning laws in 50 states that regulate gambling. The state attorneys general say they need the antigambling law. Without it, they have no effective way to combat illegal Internet gambling occurring in their jurisdictions.

Recognizing the importance of the law, Attorney General Eric Holder promised to vigorously enforce it when asked about it during his Senate confirmation hearing. Aside from the Department of Justice, the State Department has testified, "The Internet gambling operations are, in essence, the functional equivalent of wholly unregulated offshore banks with the better accounts serving as bank accounts for account holders who are, in the virtual world, virtually anonymous. For these reasons, Internet gambling operations are vulnerable to be used not only for money laundering but also for criminal activities ranging from terrorist financing to tax evasion."

Supporters of legalization argue that prohibition has sent Internet gambling underground and left the vulnerable unprotected. But it was the 2006 law that finally safeguarded families from predatory intrusion into their homes. The alternatives-age verification and geographic location software-are simply ineffective and easy to elude.

Before 2006, offshore Internet casinos were proliferating, raking in more than \$6 billion illegally from Americans every year. One can understand why they are spending millions of dollars on lobbyists to try to get back in the game. But if Congress repeals this widely supported law, online casinos will become ubiquitous. One company has even developed gambling software for iPhones that will be on the market the day online gambling is legalized by the federal government.

It took places like Las Vegas and Atlantic City years to develop effective gambling regulations, and they have had decades of experience enforcing them. Yet this new legislation would direct the Treasury Department to set up a new regulatory regime to oversee shadowy foreign gaming enterprises in a mere matter of months.

Even if one concedes that legalization and regulation could possibly prevent underage gambling, compulsive play, cheating by casinos as documented by 60 Minutes and the Washington Post, and money laundering or drug trafficking by criminals on U.S.-sanctioned gambling sites, the pre-2006 problem of predatory, illegal offshore casino bets would return. One country's rules would be woefully insufficient. Ultimately, the results of legalization would be expanding, sanctioning, and inevitably losing control of an industry that offers few advantages to the economy or tax base but incredible pain to families across the country.

It's a gamble that simply is not worth taking.

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